



Norwest Energy NL

Interim Financial Report

Half-Year Ended 31 December 2020

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Directors' Report

31 December 2020

The Directors present their report together with the consolidated financial report of Norwest Energy NL ("Norwest" or "the Company") and its controlled entities ("Consolidated Entity" or "the Group") for the financial half-year ended 31 December 2020 and the independent review report thereon.

1. General Information

Directors

The names of the Company's Directors in office at any time during, or since the end of, the half-year are:

Mr Ernest Anthony Myers (Non-Executive Chairman)

Mr Iain Peter Smith (Managing Director)

Mr Bruce Frederick William Clement (Non-Executive Director)

Principal Activities

The principal activity of the Consolidated Entity during the course of the half-year was exploration for hydrocarbon resources. There have been no significant changes in the nature of the Group's principal activities during the financial half-year.

2. Review of Operations

Operating Results

The net loss of the Group for the half-year ended 31 December 2020 was \$305,705; 31 December 2019: \$5,938,657.

The main activities and highlights for the Group during the half-year comprised:

Operations

EP368

During the reporting period the EP368 Joint Venture prepared for drilling the Lockyer Deep-1 gas exploration well, situated on trend with the significant gas discoveries made at Waitsia, West Erregulla and Beharra Springs Deep. These discoveries have greatly enhanced the prospectivity of exploration permits EP368 and EP426 - in particular the West Erregulla discovery confirms that good quality Permian sandstone reservoirs are present to the east of the 2014 Waitsia gas find, and the Beharra Springs Deep discovery mitigates the primary geological risk for Lockyer Deep/North Erregulla Deep (i.e. the presence of lateral fault seal).

Preparations are under way to drill Lockyer Deep-1 during the period September to November 2021, at the northern culmination of the Lockyer Deep/North Erregulla Deep combination structure. The primary exploration targets are the Kingia and High Cliff Sandstones, below a depth of approximately 3,900 metres, with gross prospective resources of up to 1.12 Tcf gas and a Geological Chance of Success estimated at 38% (refer ASX announcement dated 20 December 2019).

Significant additional prospectivity is present within EP368, including the Greater Springy Creek oil prospect (gross, high case prospective resources up to 61 MMbbls oil, refer ASX announcement of 8 July 2019) and a variety of structural leads which are presently being progressed by reprocessing of seismic data.

EP368 Joint Venture	ASX Code	Percentage Interest
Mineral Resources via subsidiary, Empire Oil Company (WA) Limited (Operator)	ASX: MIN	80%
Norwest (via subsidiary)	ASX: NWE	20%

EP426

During the year, the EP426 Joint Venture progressed its evaluation of the prospectivity of exploration permit EP426. As with EP368 the West Erregulla-2 gas discovery has greatly enhanced the prospectivity of the permit, which hosts the eastern extension of the North Erregulla Deep gas prospect in addition to a number of other exploration leads which are currently being progressed by reprocessing of legacy seismic data. The potential for significant volumes of gas to be hosted within the North Erregulla Deep structure will be tested by the Lockyer Deep-1 exploration well in EP368.

EP426 Joint Venture	ASX Code	Percentage Interest
Mineral Resources (via subsidiary, Empire Oil Company (WA) Limited) (Operator)	ASX: MIN	77.78%
Norwest (via subsidiary)	ASX: NWE	22.22%

TP/15

The 40km² Xanadu 3D Transition Zone seismic survey was completed in July 2019 and was designed to fully delineate the 2017 Xanadu-1 oil discovery, focusing on the northern updip region, and the southern downdip region extending out to the western flank of the structure. The Xanadu discovery was drilled based on very limited 2D seismic coverage, insufficient to provide the high-resolution subsurface model required to guide future appraisal drilling.

The Xanadu structural model has been substantially revised based upon the 3D seismic data. In particular the fault geometry that defines the updip structure has changed such that the updip area to the north of the Xanadu-1 well intersection is reduced and commerciality of the updip resource is regarded as marginal, with appraisal drilling not warranted.

The TP/15 Joint Venture has re-evaluated the permit's prospectivity in light of the gas discoveries which have been made onshore in recent years within Permian sandstone reservoirs, and has identified the large Texel prospect, which offers potential for oil to be accumulated within the Irwin River Coal Measures and the Kingia/High Cliff Sandstones. Additional 2D seismic data is required to mature this prospect for drilling, and the Joint Venture has received approval from the Department of Mines, Industry Regulation & Safety (DMIRS) to replace the year three appraisal well work commitment with geological studies and seismic feasibility studies.

TP/15 Joint Venture	ASX Code	Percentage Interest
Norwest (via subsidiary) (Operator)	ASX: NWE	25%
Triangle (Global) Energy Ltd (via subsidiary)	ASX: TEG	45%
3C Group IC Limited (via subsidiaries)		30%

EP413

Norwest Energy is Operator of exploration permit EP413, within which the Arrowsmith-2 well proved up a significant unconventional contingent gas resource. To progress the Arrowsmith discovery a further well is required, with a lateral section subject to hydraulic fracturing. Operations have been on hold during the reporting period, due to the Western Australian state government scientific inquiry into hydraulic fracture stimulation. The inquiry panel handed its findings to the State Government on 12th September 2018, and the State Government lifted the moratorium on hydraulic

fracturing. However, state legislation is still required before hydraulic fracturing can proceed within EP413, and Norwest has received a further suspension/extension of the permit work program commitments while progressing discussions with a number of third parties that have expressed interest in the permit.

EP413 Joint Venture	ASX Code	Percentage Interest
Norwest (via subsidiary) (Operator)	ASX: NWE	27.945%
Mitsui & Co Ltd		44.252%
Bharat PetroResources Ltd		27.803%

Norwest Tenement Interests				
Permit	Location	Type of Permit	Area (100%)	Norwest (%)
NORTHERN PERTH BASIN				
EP368	Perth Basin, WA	Onshore	600.3 km ²	20%
EP426	Perth Basin, WA	Onshore	1,197 km ²	22.22%
EP413	Perth Basin, WA	Onshore	508.3 km ²	27.945%
TP/15	Perth Basin, WA	Offshore	352.0 km ²	25%
TOTAL AREA NET TO NORWEST 616 KM2				

Corporate

Issued capital

Issued capital at 31 December 2020:

- Ordinary shares 4,734,467,074 shares
- Listed Options 726,187,131 options
- Unlisted options 156,000,000 options

3. Other items

COVID-19

The main effect of the pandemic for the Company has been a delay in drilling the Lockyer Deep-1 gas exploration well, due to the fact that the planned mobilisation of a second drilling rig to the Perth Basin was postponed by another Operator. That Operator's decision to postpone mobilisation was due to a deferral of capital expenditure because of a significant drop in global oil prices on the back of weakened global demand. Otherwise the impact of the COVID-19 pandemic upon the Company's operations has been limited, due to the fact that there has been only minor operational activity since the onset of the pandemic in Western Australia. During the period March to December 2020 the Company implemented precautionary measures to protect its personnel, including the ability to work remotely whenever necessary.

Significant Changes In State of Affairs

No significant changes in the Group's state of affairs occurred during the half-year.

Subsequent Events

Capital Raising

During January 2021 the Company completed a capital raising. The Company received proceeds of \$2,033,858, before costs.

Lead Auditors' Independence Declaration under section 307C of the Corporations Act 2001

The lead auditors' independence declaration for the half-year ended 31 December 2020 is set out on page 7 and forms part of the Directors Report for the six months ended 31 December 2020.

Signed in accordance with a resolution of the Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.



.....
Iain Smith
Managing Director

Perth
12th March 2021



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001**

As lead auditor of the review of Norwest Energy NL for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Norwest Energy NL and the entities it controlled during the half-year.

Rothsay Auditing

A handwritten signature in black ink, appearing to read 'Dalla', written in a cursive style.

Daniel Dalla
Partner

12 March 2021

Directors' Declaration

In the opinion of the Directors of Norwest Energy NL (the Company):

1. the financial statements and notes are in accordance with the Corporations Act 2001 including:
 - (a) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2020 and of its performance for the six-month period ended on that date; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



.....
Iain Smith
Managing Director

Perth
12th March 2021

**Consolidated Interim Statement of Comprehensive Income
For the Half-Year Ended 31 December 2020**

	Note	31 December 2020 \$	31 December 2019 \$
Continuing Operations			
Production Income		-	2,537
Financing income		219	854
Sale of Interest in Permit L14		-	700,000
Joint Venture overhead fees		36,862	89,980
Depreciation expense		(41,041)	(1,507)
Directors' remuneration		(40,438)	(83,000)
Personnel expenses		(328,612)	(502,925)
Personnel & overhead recovery		34,375	52,606
Professional fees		(48,484)	(41,573)
Other expenses		(149,898)	(290,859)
Government Stimulus Payments		68,141	-
R&D Tax Incentive Rebate		174,278	-
Provision for Abandonment and Restoration		-	(233,776)
Write down of Exploration and Development		(11,107)	(5,630,994)
Net loss for the year		(305,705)	(5,938,657)
Total Comprehensive Loss for the Period		(305,705)	(5,938,657)
Basic loss per share (cents per share)		(0.01)	(0.01)
Diluted loss per share (cents per share)		(0.01)	(0.01)

The Consolidated Interim Statement of Comprehensive Income is to be read in conjunction with the notes to the interim financial statements set out on pages 13 to 17.

**Consolidated Interim Statement of Changes in Equity
For the Half-Year Ended 31 December 2020**

Consolidated	Contributed Equity	Share Based Payment Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2020	63,920,369	320,000	(61,113,196)	3,127,173
Loss for the period			(305,705)	(305,705)
Shares issued (net of costs)	-	-	-	-
Share options granted	-	-	-	-
Balance at 31 December 2020	63,920,369	320,000	(61,418,901)	2,821,468
Balance at 1 July 2019	59,645,137	10,400	(53,266,995)	6,388,542
Loss for the period	-	-	(5,938,657)	(5,938,657)
Shares issued (net of costs)	2,990,822			2,990,822
Share options expired/exercised	-	320,000	-	320,000
Balance at 31 December 2019	62,635,959	330,400	(59,205,652)	3,760,707

The Consolidated Interim Statement of Changes in Equity is to be read in conjunction with the notes to the interim financial statements set out on pages 13 to 17.

**Consolidated Interim Statement of Financial Position
As at 31 December 2020**

	Note	31 December 2020 \$	30 June 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents		2,628,884	3,054,835
Trade and other receivables		71,246	30,697
Total current assets		2,700,130	3,085,532
Non-current assets			
Property, plant and equipment		3,326	6,422
Deferred exploration, evaluation and development	3	646,162	408,677
Right of use asset		120,158	158,103
Total non-current assets		769,646	573,202
TOTAL ASSETS		3,469,776	3,658,734
LIABILITIES			
Current liabilities			
Trade and other payables		230,797	77,523
Employee entitlements		5,658	5,037
Lease liabilities		78,218	78,219
Total current liabilities		314,673	160,779
Non-current liabilities			
Provision for long service leave		12,530	11,259
Provision for restoration		275,000	275,000
Lease liabilities		46,105	84,523
Total non-current liabilities		333,635	370,782
TOTAL LIABILITIES		648,308	531,561
NET ASSETS		2,821,468	3,127,173
EQUITY			
Issued capital	4	63,920,369	63,920,369
Reserves	5	320,000	320,000
Accumulated losses		(61,418,901)	(61,113,196)
TOTAL EQUITY		2,821,468	3,127,173

The Consolidated Interim Statement of Financial Position is to be read in conjunction with the notes to the interim financial statements set out on pages 13 to 17.

**Consolidated Interim Statement of Cash Flows
For the Half-Year Ended 31 December 2020**

	31 December 2020	31 December 2019
	\$	\$
Cash flows from operating activities:		
Cash payments to suppliers and employees	(456,857)	(573,859)
Oil Sales	-	2,537
Interest received	219	854
Government Stimulus Payments	68,141	-
R&D Tax Incentive Rebate	174,278	-
Joint Venture overhead fees	36,862	89,980
Net cash from operating activities	(177,357)	(480,488)
Cash flows from investing activities:		
Proceeds from Sale of Production Assets	-	70,000
Expenditure on oil & gas interests	(248,594)	(799,295)
Net cash used in investing activities	(248,594)	(729,295)
Cash flows from financing activities:		
Proceeds from Convertible Note	-	250,000
Proceeds from the issue of share capital	-	3,146,436
Costs of issue of Share Capital	-	(155,614)
Net cash from financing activities	-	3,240,822
Net (decrease)/increase in cash and cash equivalents	(425,951)	2,031,039
Cash and cash equivalents at 1 July	3,054,835	553,250
Cash and cash equivalents at 31 December	2,628,884	2,584,289

The Consolidated Interim Statement of Cash Flows is to be read in conjunction with the notes to the interim financial statements set out on pages 13 to 17.

Notes to the Consolidated Interim Financial Statements For the Half-Year Ended 31 December 2020

1. Basis of Preparation

This general purpose financial report for the half-year ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

The financial statements have been prepared on an accruals basis and are based on historical cost except for share based payments, which have been measured at fair value. All amounts are presented in Australian dollars.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report of Norwest Energy NL for the year ended 30 June 2020 and public announcements made by Norwest Energy NL and its controlled entities during the half-year period in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies and methods of computation adopted in the preparation of the consolidated half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2020.

Going concern

The ability of the Consolidated Entity to continue as a going concern is dependent on it being able to raise additional funds as required in order for it to meet ongoing commitments in the Perth Basin and for working capital. These commitments are detailed in note 6.

The Directors believe that they will be able to raise additional capital through either one or a combination of capital raisings, a farm-in, or a sale of assets. The Group has a history of being able to raise equity as required and as such the Directors believe that the Consolidated Entity will continue as a going concern. As a result, the financial statements have been prepared on a going concern basis of accounting, which contemplates the continuity of normal business activity and the Group being able to realise its assets and the settlement of its liabilities in the ordinary course of business.

No adjustments have been made as to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

As at 31 December 2020, the Group had cash available of \$2,628,884.

**Notes to the Consolidated Interim Financial Statements
For the Half-Year ended 31 December 2020**

1. Basis of Preparation (continued)

New Standards, Interpretations and Amendments

In the half-year ended 31 December 2020, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2020.

It has been determined that there is no material impact of the new and revised Standards and Interpretations on the financial position or performance of the Group.

Impact of standards issued but not yet applied by the Group

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2020. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

2. Segment Reporting

The economic entity operates predominately in the exploration industry in Australia and internal reporting is conducted on an entity wide basis. As such, segment information is presented on the same basis as that used for internal reporting purposes provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors who make strategic decisions.

**Notes to the Consolidated Interim Financial Statements
For the Half-Year ended 31 December 2020**

3. Deferred Exploration, Evaluation and Development Costs

	31 December 2020 \$	30 June 2020 \$
Transactions for the six months to 31 December		
<i>Exploration and evaluation phase:</i>		
Balance at 1 July	408,677	6,540,305
Additions	248,592	764,324
Exploration expenditure impairment	(11,107)	(6,895,952)
Balance at 31 December	<u>646,162</u>	<u>408,677</u>
<i>Production phase:</i>		
Balance at 1 July	-	212,268
Additions	-	42,997
Operating costs to Profit and Loss	-	(255,265)
Balance at 31 December	<u>-</u>	<u>-</u>

4. Contributed Equity

(a) Issued capital

	31 December 2020 \$	30 June 2020 \$
4,734,467,074 fully paid ordinary shares (30 June 2020: 4,734,467,074)	<u>63,920,369</u>	<u>63,920,369</u>

(b) Movements in Ordinary Shares

Date	Details	No. of Ordinary Shares	\$
01-Jul-20	Opening Balance	4,734,467,074	63,920,369
31-Dec-20	Closing balance	<u>4,734,467,074</u>	<u>63,920,369</u>

(a) Listed Options

Listed options on issue as at 31 December 2020:

Number on Issue	Date Issued	Expiry Date	Exercise Price
726,187,131	6 th February 2020	24 th January 2022	\$0.006

**Notes to the Consolidated Interim Financial Statements
For the Half-Year ended 31 December 2020**

5. Reserves

	31 December 2020	30 June 2020
	\$	\$
Share based payment reserve	320,000	320,000
	320,000	320,000

(a) Nature and purpose

The share-based payment reserve is used to record the fair value of Incentive Options issued by the Group. The unlisted options granted to personnel have been valued at \$320,000 (Non- Executive Directors \$50,000).

(b) Movements in share-based payments reserve during the past two years

	Number of options 31 December 2020	Number of options 31 December 2019	\$ 31 December 2020	\$ 31 December 2019
Opening balance	156,000,000	21,200,000	320,000	91,400
Expired during the period	-	(16,000,000)	-	(81,000)
Exercised during the period	-	-	-	-
Granted during the period	-	156,000,000	-	320,000
Closing balance	156,000,000	161,200,000	320,000	330,400

6. Commitments

In order to maintain current rights of tenure to exploration permits, the Consolidated Entity is required to perform minimum exploration work commitments specified by DMIRS. Each of these work commitments has an associated indicative expenditure associated with it. The Group also has commitments with respect to its lease of office space.

These obligations are not provided for in the financial report and are due as follows:

	\$
Within one year	1,683,310
One year or later and no later than five years	13,062,800
Later than five years	-
Total	14,746,110

Permit commitments above will be met through either capital raisings, a “carry” from farm-in partners, or asset sales.

In order to ensure that the Group’s permits remain in good order, discussions and negotiations with the relevant regulatory bodies take place on an as required basis to amend the timing and nature of permit work commitments where technically justified. Should the Group not be permitted to amend the timing or nature of permit work commitments, or have insufficient funds to satisfy those commitments, the Group risks having to relinquish title to those permit(s).

**Notes to the Consolidated Interim Financial Statements
For the Half-Year ended 31 December 2020**

7. Subsequent Events

Capital Raising

During January 2021 the Company completed a capital raising. The Company received proceeds of \$2,033,858, before costs.



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
NORWEST ENERGY NL**

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Norwest Energy NL ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Independence

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company would be in the same terms if given to the directors as at the time of this auditor's review report.





Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Rothsay Auditing

Dated 12 March 2021

**Daniel Dalla
Partner**